

31108
CB OR RESO NUMBER
(WHEN ASSIGNED)

1.12.09
INTRODUCTION DATE

NEW LEGISLATION CHECK OFF LIST
DO NOT REMOVE THIS FORM FROM FILE JACKET

Submitting
Dept. Head
Review By

Name	Phone	Date of Review	Version # Reviewed
Law Dept. Review By <u>Rodney Eng</u>	<u>4-8241</u>	<u>1/9/09</u>	<u>2</u>
Name	Phone	Date of Review	Version # Reviewed

Dept. of Finance
Review By

Name	Phone	Date of Review	Version # Reviewed
Name	Phone	Date of Review	Version # Reviewed

Executive
Review By

Name	Phone	Date of Review	Version # Reviewed
Name	Phone	Date of Review	Version # Reviewed

Reviewer Comments:

COUNCIL
GENERATED
LEGISLATION

Legislative Department use

Initial

Intake review (complete, E-versions, attachments, Law)

RC Sponsorship (Council President)

Committee Assignment:

Central Staff Reviewer:

CHRISTIA VALLES 1/7/09 684-5335 2
Name Date Phone V. #

Clerk's Action Log



V. Introduced 2

V. For Full Council 2



Clerk **OK** For Intro

Clerk Office use

Notes:

Initial

✓ Full Text loaded onto Leg. drive and BRS

✓ All attachments included (in jacket and electronically)

Tables formatted and maps saved/loaded, if included

✓ Fiscal Note included and saved on Leg. and Clerk drive

Other

Pending Law Review + Final EMS
done cu

RESOLUTION _____

A RESOLUTION endorsing a Memorandum of Understanding intended to resolve an overlapping Potential Annexation Area (PAA) between Seattle and Burien.

WHEREAS, the City of Seattle designated the Unincorporated North Highline area (North Highline) as a PAA in its 2006 update of the Comprehensive Plan; and

WHEREAS, in 2006, the City of Burien also designated North Highline as a PAA in Burien's Comprehensive Plan; and

WHEREAS, the Growth Management Planning Council of King County recently amended the Countywide Planning Policies (CPPs) (Policy LU-32) to provide a process for resolving the overlapping North Highline PAA between Seattle and Burien; and

WHEREAS, Policy LU-32 in the CPPs encourages Seattle and Burien to resolve the overlapping North Highline PAA through negotiation; and

WHEREAS, the Executive has negotiated a proposed MOU with Burien, King County, and the fire districts that provide fire service in North Highline (Fire Districts 2 and 11);

WHEREAS, the proposed MOU designates two separate areas that comprise the North Highline PAA (Area X and Y), with Seattle agreeing to restrict a potential annexation of North Highline to Area Y and Burien agreeing to restrict a potential annexation of North Highline to Area X, as shown in Attachment 1; and

WHEREAS, Area Y does not include the unincorporated South Park area and Seattle will not consider annexing this area until King County funds the replacement of the existing 14th/16th Avenue South Bridge; and

WHEREAS, the proposed MOU commits the City of Burien in joining with Seattle and King County in advocating for legislation that would provide up to \$5 million in financial assistance to Seattle if Seattle proceeds with annexation of Area Y; and

WHEREAS, the City Council has stated that it will only proceed with annexation if there is a financial plan to support the provision of City services to the annexed area, and the proposed legislation would be a major step towards meeting this condition; and

WHEREAS, approval of this agreement does not commit the City to proceed with annexation of Area Y;

NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE MAYOR CONCURRING, THAT:



1 Section 1. The City Council expresses its approval of the attached MOU in substantially the
2 form attached hereto as Attachment 1.

3 Adopted by the City Council the 4th day of February, 2009, and signed by
4 me in open session in authentication of its adoption this 4th day
5 of February, 2009.

6
7 President _____ of the City Council

8
9 THE MAYOR CONCURRING:

10
11 _____
12 Gregory J. Nickels, Mayor

13 Filed by me this _____ day of _____, 2009.

14
15
16 _____
17 City Clerk

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20
21 (Seal)

22 Attachment 1: Memorandum of Understanding
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Settlement Agreement

We, KING COUNTY, CITY OF BURien, CITY OF SEATTLE, FIRE DISTRICT #2 AND FIRE DISTRICT #11

having participated in a mediation session(s) on Nov. 6, Nov 20 & Dec. 4, 2008 and being satisfied that we have reached a fair, legally binding and reasonable settlement, hereby agree as follows:

The parties agree that they have the option of returning to mediation if problems arise later and they ☒ agree/ ☐ disagree to do so.

We are unable to reach agreement on the following issues and these issues are not a part of our mediation agreement:

The parties to this agreement have carefully reviewed this agreement and affirm that it accurately reflects each aspect of their own intent. The parties have been advised that if they wish they may have a legal or union representative review the agreement before signing.

The undersigned having mediated in sessions held on November 6th, November 20th and December 4th, 2008 hereby agree as follows:

1. We have reached agreement on the terms of a proposed Memorandum of Understanding (attached) for the annexation of North Highline.
2. We agree to seek prompt approval of the proposed Memorandum of Understanding by our respective elected officials.
3. We agree to carry out all the terms of the Memorandum of Understanding in good faith once adopted by our elected officials.

Case Number _____

Dated: December 4, 2008

King County

Kurt Triplett

By: Kurt Triplett

Its: Chief of Staff
King County Executive

City of Burien

Mike Martia

By: Mike Martia

Its: City Manager

City of Seattle

Kenny Pittman for Tim Cois

By: Kenny Pittman

Its: SR. Policy Advisor

King County
Fire District #2

Michael Marrs

By: MICHAEL MARRS

Its: FIRE CHIEF

King County
Fire District #11

Wayne Alishokis

By: WAYNE ALISHOKIS

Its: COMMISSIONER



K.P. F.T.
KT and
mm P/L
AAJ
WA
JER
MM

Memorandum of Understanding—North Highline Annexation

It is hereby agreed between the parties as follows:

1. All parties support the transition of the unincorporated North Highline (shown on the attached map) to city status in a timely and coordinated manner that, at a minimum preserves, if not increases existing local service levels.
2. All parties recognize and respect that the cities of Burien and Seattle each represent reasonable governance alternatives to be considered by North Highline residents.
3. All parties agree that the annexation of the North Highline communities to more than one city is the preferred option at this time given the diversity of community preferences and the significant cost of service associated with annexing the entire North Highline area communities.
4. All parties agree that the continued provision of fire protection services is essential to the residents and businesses in the North Highline communities and that all parties will work together to develop service agreements that ensure that an annexation will not result in a reduction of fire protection services to those areas of North Highline that are not immediately annexed by Burien or Seattle.
5. All parties agree to the terms of the attached Transition Framework to support preservation, and strive for improvement of current level of fire and safety services to North Highline and surrounding neighborhoods including Arbor Heights, North Burien, and unincorporated areas in South Park.
6. All parties agree that Burien and Seattle both will need fiscal support beyond the local municipal revenues generated in the unincorporated area if they are to provide municipal services to these communities in the immediate, mid, and long term basis. Accordingly, all parties support the provision of such additional revenues by the state to both cities in a manner that provides equal access by both cities to financial support for annexation. All parties agree to work together to pursue such revenues from the state for both cities. Such support shall include but is not limited to:
 - a. Publicly supporting the proposed legislation (attached),
 - b. Sign in and testifying in support of the proposed legislation at State Legislative hearings and meetings, and
 - c. Burien shall seek Suburban Cities Association support of the proposed legislation, and
 - d. Burien and Seattle shall seek support from the Association of Washington Cities, King County shall seek support from the Washington State Association of Counties, and Fire Districts 11 & 2 shall seek support from the Washington State Council of Fire Fighters.
7. All parties agree to support before the Washington State Boundary Review Board for King County a phased, coordinated annexation of large areas of North Highline where Burien can pursue annexation of area X, as shown on the attached map, and Seattle can pursue annexation of area Y, as shown on the attached map. All parties further agree this MOU shall be submitted as an exhibit in any proceedings related to the annexation of the North Highline area.
8. Burien agrees to pursue annexation only in area X and Seattle agrees to pursue annexation only in area Y until December 31, 2011.

9. Representatives of the jurisdictions that are a party to this agreement commit to not interfere with each others annexation elections attempts.
10. This agreement is effective until January 1, 2012.

Dated: December 4, 2008

City of Burien

By: _____

Its: _____

City of Seattle

By: _____

Its: _____

King County

By: _____

Its: _____

North Highline
Fire District #11

By: _____

Its: _____

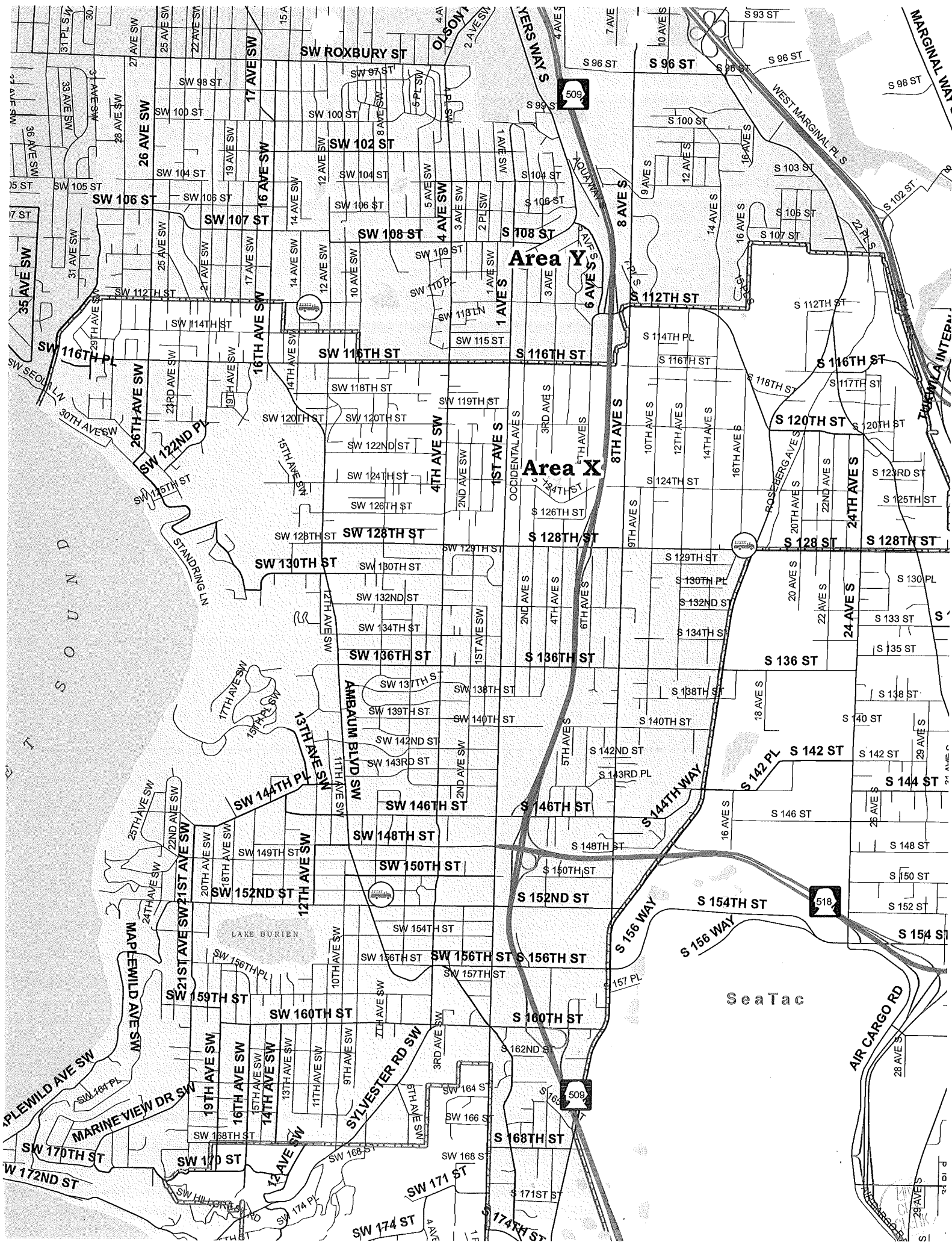
King County
Fire District #2

By: _____

Its: _____

Memorandum of Understanding – North Highline Annexation. 12/4/2008





Transition Framework

This is a Transition Framework in bullet form that details the beginnings of the transition plan for fire and safety services in the North Highline PAA for potential annexation(s.)

1. All parties agree to support preservation and strive for improvement of the current level of fire and safety services to North Highline and surrounding neighborhoods including Arbor Heights, North Burien, and unincorporated areas in South Park.
2. All current Fire District employees who are displaced by annexation shall be transferred to Fire District 2 or the City of Seattle as appropriate.
3. Fire District 2 agrees to extend their existing contract with Fire District 11 through to January 1, 2012, regardless of annexation.
4. Fire District 2 and Fire District 11 also agree to expand their current service contract to a larger geographic area that includes: Area X (as shown in attached map), should the city of Burien successfully annex.
5. Fire District 2 and Fire District 11 both understand that Fire District 2 may need to reduce the rate of compensation in the new expanded contract to better reflect service costs.
6. Fire District 2 and Fire District 11 shall put into place the details that would guide a Lateral Hiring process.
7. In the event Seattle and Burien annex areas X and Y on the attached map, then King County shall secure for Fire District 2 an appropriate parcel of land sufficient to locate a new Fire Station that provides appropriate response time as agreed to by the County and Fire District 2. In the event Seattle annexes areas X and Y as shown on the map, then Burien shall secure for Fire District 2 an appropriate parcel of land sufficient to locate a new Fire Station that provides appropriate response time as agreed to by Burien and Fire District 2.
8. City of Seattle and Fire District 11 shall work collaboratively to optimize response times through reciprocal service arrangements in areas of need, for example in Arbor Heights and unincorporated areas in South Park.

K.P. of

mm

SAZ

WA



1 | ANNEXATION TAX CREDIT

2 | November 25, 2008

3 | *JS/2* *MM*
KI
Re
WA

4 | AN ACT Relating to the local sales and use tax that is credited against the state sales
5 | and use tax for cities to offset municipal service costs to newly annexed areas; amending
6 | RCW 82.14.415; and providing an effective date.

7 | BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

8 | Sec. 1 RCW 82.14.415 and 2006 c 361 s 1 are each amended to read as follows:

9 | (1) The legislative authority of any city (~~((with a population less than four hundred~~
10 | ~~thousand and which))~~ that is located in a county with a population greater than six
11 | hundred thousand that annexes an area consistent with its comprehensive plan required
12 | by chapter 36.70A RCW(~~(s)~~) may impose a sales and use tax in accordance with the
13 | terms of this chapter. The tax is in addition to other taxes authorized by law and shall be
14 | collected from those persons who are taxable by the state under chapters 82.08 and 82.12
15 | RCW upon the occurrence of any taxable event within the city. The tax may only be
16 | imposed by a city if:

17 | (a) The city has commenced annexation of an area under chapter 35.13 or 35A.14
18 | RCW having a population of at least ten thousand people prior to January 1, ~~((2010))~~
19 | 2015; and

20 | (b) The city legislative authority determines by resolution or ordinance that the
21 | projected cost to provide municipal services to the annexation area exceeds the projected
22 | general revenue that the city would otherwise receive from the annexation area on an
23 | annual basis.

24 | (2) The tax authorized under this section is a credit against the state tax under chapter
25 | 82.08 or 82.12 RCW. The department of revenue shall perform the collection of such
26 | taxes on behalf of the city at no cost to the city (~~((and shall remit))~~). The tax shall be
27 | remitted to the city as provided in RCW 82.14.060.

28 | (3)(a) Except as provided in (b) of this subsection, the maximum rate of tax any city
29 | may impose under this section shall be ((0.2 percent for the total number of annexed



1 ~~areas the city may annex. The rate of the tax imposed under this section is~~);

2 (i) 0.1 percent for each annexed area population that is greater than ten thousand and
3 less than twenty thousand~~((The rate of the tax imposed under this section shall be))~~;

4 (ii) 0.2 percent for an annexed area ((which the)) population that is greater than twenty
5 thousand.

6 (b) 0.85 percent for an annexed area population that is greater than eighteen thousand
7 and the annexed area is annexed by a city that has officially designated the area a
8 potential annexation area and the annexed area is, or was prior to November 1, 2008,
9 officially designated as a potential annexation area by a city with a population greater
10 than four hundred thousand, in a county with a population over one million.

11 (4)(a) The maximum cumulative rate of tax a city may impose under subsection
12 (3)(a)(i) and (ii) of this section is 0.2 percent for the total number of annexed areas the
13 city may annex.

14 (b) The maximum cumulative rate of tax a city may impose under subsection
15 (3)(b) of this section is 0.85 percent and for the single annexed area the city may annex
16 and the amount of tax distributed to a city under subsection (3)(b) of this section shall not
17 exceed five million dollars per fiscal year.

18 (5) The tax imposed by this section shall only be imposed at the beginning of a fiscal
19 year and shall continue for no more than ten years from the date the tax is first imposed.
20 Tax rate increases due to additional annexed areas shall be effective on July 1st of the
21 fiscal year following the fiscal year in which the annexation occurred, provided that
22 notice is given to the department as set forth in subsection (((8))) (9) of this section.

23 (((5))) (6) All revenue collected under this section shall be used solely to provide,
24 maintain, and operate municipal services for the annexation area.

25 (((6))) (7) The revenues from the tax authorized in this section may not exceed that
26 which the city deems necessary to generate revenue equal to the difference between the
27 city's cost to provide, maintain, and operate municipal services for the annexation area
28 and the general revenues that the cities would otherwise expect to receive from the
29 annexation during a year. If the revenues from the tax authorized in this section and the
30 revenues from the annexation area exceed the costs to the city to provide, maintain, and

1 operate municipal services for the annexation area during a given year, the city shall
2 notify the department and the tax distributions authorized in this section shall be
3 suspended for the remainder of the year.

4 ~~((7))~~ (8) No tax may be imposed under this section before July 1, 2007. Before
5 imposing a tax under this section, the legislative authority of a city shall adopt an
6 ordinance that includes the following:

7 (a) A certification that the amount needed to provide municipal services to the
8 annexed area reflects the city's true and actual costs;

9 (b) The rate of tax under this section that shall be imposed within the city; and

10 (c) ~~((b))~~ The threshold amount for the first fiscal year following the annexation and
11 passage of the ordinance.

12 ~~((8))~~ (9) The tax shall cease to be distributed to the city for the remainder of the
13 fiscal year once the threshold amount has been reached. No later than March 1st of each
14 year, the city shall provide the department with a certification of the city's true and actual
15 costs to provide municipal services to the annexed area, a new threshold amount for the
16 next fiscal year, and notice of any applicable tax rate changes. Distributions of tax under
17 this section shall begin again on July 1st of the next fiscal year and continue until the new
18 threshold amount has been reached or June 30th, whichever is sooner. Any revenue
19 generated by the tax in excess of the threshold amount shall belong to the state of
20 Washington. Any amount resulting from the threshold amount less the total fiscal year
21 distributions, as of June 30th, shall not be carried forward to the next fiscal year.

22 ~~((9))~~ (10) The tax shall cease to be distributed to a city imposing the tax under
23 subsection (3)(b) of this section for the remainder of the fiscal year, if the total
24 distributions to the city imposing the tax exceed five million dollars for the fiscal year.

25 (11) The following definitions apply throughout this section unless the context clearly
26 requires otherwise:

27 (a) "Annexation area" means an area that has been annexed to a city under chapter
28 35.13 or 35A.14 RCW. "Annexation area" includes all territory described in the city
29 resolution.

30 (b) "Department" means the department of revenue.

1 (c) "Municipal services" means those services customarily provided to the public by
2 city government.

3 (d) "Fiscal year" means the year beginning July 1st and ending the following June
4 30th.

5 (e) "Threshold amount" means the maximum amount of tax distributions as
6 determined by the city in accordance with subsection ~~((6))~~ (7) of this section that the
7 department shall distribute to the city generated from the tax imposed under this section
8 in a fiscal year.

9 (f) "Potential Annexation Area" means one or more geographic areas that a city
10 has officially designated for potential future annexation, as part of its comprehensive plan
11 adoption process under the state Growth Management Act, Chapter 36.70A RCW.

12 (12) Subsection (3)(b) of this section takes effect July 1, 2011.

13
14 --- END ---
15

FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	DOF Analyst/Phone:
Legislative	Christa Valles/206-684-5336	

Legislation Title:

A RESOLUTION endorsing a Memorandum of Understanding intended to resolve an overlapping Potential Annexation Area (PAA) between Seattle and Burien.

Summary of the Legislation:

This resolution, if passed, expresses Council approval of a MOU negotiated by Executive staff with the City of Burien, King County, and Fire Districts 2 and 11. The MOU attempts to resolve an overlapping Potential Annexation Area (PAA) of the unincorporated North Highline area (North Highline) between Burien and the City of Seattle. The MOU requires the parties to the agreement to work together on various issues associate with the overlapping PAA, including the following:

- The MOU states that annexation of North Highline to more than one City is the “preferred option” of the parties agreeing to the MOU and designates two separate areas that comprise the North Highline PAA (Area X and Y), with Seattle agreeing to restrict a potential annexation of North Highline to Area Y and Burien agreeing to restrict a potential annexation of North Highline to Area X (see attached map included in the MOU).
- The MOU states that parties will work together to ensure that annexation does not result in a reduction in fire service and that parties will “support preservation and strive for improvement of current level of fire and safety services to North Highline and surrounding neighborhoods, including Arbor Heights, North Burien, and unincorporated areas in South Park.”

Currently, North Highline is served by Fire District 11. In accordance with state law, the Transition Framework states that all Fire District employees displaced by a Seattle annexation will be transferred to Seattle. In addition, the MOU also suggests that if Seattle annexes Area Y, it will need to provide fire services to the unincorporated South Park area which is not shown on the map (often referred to as the “Sliver”). At the time of this writing, Central Staff had not received information requested on projected Fire response times for area Y, so it is difficult to determine whether Seattle could adequately serve the area with existing fire facilities (plus the station we would inherit from Fire District 11).

- The MOU states that parties agree to support state legislation that would enable Seattle to tap a state sales tax credit (not to exceed \$5 million in any one year) should it decide to annex area Y.



- The MOU states that parties agree to support the MOU's boundary division in North Highline, with Burien pursuing annexation of Area X and Seattle pursuing annexation of Area Y before the Washington State Boundary Review Board.

Background

What follows is a selective chronological history of Seattle's involvement with the North Highline area.

2004

- Executive recommends designating North Highline a PAA in the City's Comprehensive Plan.
- City Council declines to take up amendment and passes Resolution 30666 stating that the Council will not designate North Highline a PAA in the City's Comprehensive Plan until certain conditions are met.

2005

State legislature passes law that enable jurisdictions with a population under 400,000 to request a sales tax credit to help pay for the costs of annexation.

2006

- Executive recommends designating North Highline a PAA in the City's Comprehensive Plan.
- Executive provides high level financial estimates on costs associated with annexing North Highline.
- Burien designates North Highline a PAA in its Comprehensive Plan.
- City Council acknowledges certain conditions have yet to be fulfilled, but designates North Highline a PAA to preserve City's options. This action creates an overlapping PAA with Burien.

2007

- Countywide Planning Policies prevent overlapping PAAs.
- Issue goes before Growth Management Hearings Board which rules that King County should address overlapping PAA disputes.

2008

- Growth Management Planning Council approves a Countywide Planning Policy specific to North Highline that encourages stakeholders to resolve overlapping PAA boundaries through negotiation.

X This legislation does not have any financial implications.

Approving the MOU itself does not have financial implications but the agreed upon boundary division proposed in the MOU does have financial implications for the City should it move forward with annexing Area Y.

In 2006, the Executive provided Council with high level cost estimates for annexing all or part of North Highline. The Executive estimated that O&M costs associated with annexing all of North Highline would exceed revenues from the area by \$4.6 million (in 2006 dollars). O&M costs for annexing only part of North Highline exceeded revenues by ~\$6 million¹. It is likely that Area X has significant capital costs associated with it as well.

The 2006 costs estimates for a partial North Highline annexation were based on a slightly different boundary than the one drawn in the MOU. Unfortunately, the Executive says that it does not have updated cost estimates or tax revenue information for this new boundary. This area also includes a King County library that is currently serving North Highline (there is a second King County library located in the southeast part of North Highline as well).

¹Given that these costs were calculated at a high level and not for actual budgeting purposes, this estimate is not a precise forecast of potential financial impacts to the City.

